

**INTERNATIONAL CITY MANAGERS' ASSOCIATION
1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS**

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HOW TO MAKE A SALARY AND WAGE SURVEY

Why and when should a city make a salary and wage survey, how are pay data obtained and compiled, and how should the pay information be used?

Why Make A Pay Survey? An increasing number of salary and wage surveys are coming to the attention of city officials. Such surveys are national, regional, or statewide in scope, and the problem is to put the information to effective use locally. Salary and wage surveys of such broad scale usually have limited value as far as the local wage problem is concerned. A survey similar to that conducted semi-annually by Management Information Service (MIS Reports Nos. 34, 42, 51, 58, 63, and 68) provides data that can assist but never control a wage-making decision in a particular city. No one can assert on the basis of such a survey that a certain salary or even a group of salaries should be changed. An analysis of salaries and wages paid in the area for comparable work supplemented by a broader survey provides a foundation for changes in employees' pay. A national, regional, or statewide wage survey is rarely more than a barometer, a warning signal perhaps. It points out variations that may deserve attention, cause a local survey to be started, and eventually lead to local salary changes.

How to Get Pay Data. Salary and wage information can be obtained from four sources: (1) published sources of pay data, (2) questionnaires to local and nearby business and industrial concerns, (3) salary ordinances and budget schedules of other cities, and (4) personal interviews with other employers. All four methods may be used; the questionnaire method is the most popular but it should not be mailed until published sources of pay information are reviewed.

Published Sources of Pay Data. City officials should make use of available pay rate data for both governmental and private employers. The Municipal Year Book once each year reports for the cities over 10,000 the entrance and top grade patrolmen's and firemen's salaries, as well as the salaries of police and fire chiefs. The International Fire Fighter, official journal of the International Association of Fire Fighters, lists the salaries of a variety of fire department positions for about 600 cities, mostly over 10,000 population. Management Information Service makes a survey twice each year for 20 basic jobs in city employment, reporting salaries as of January 1 and July 1 for approximately 100 cities grouped by regions. Several state leagues of municipalities regularly publish pay rates for most of the cities in their respective states, among which are the Kansas, Michigan, and Virginia leagues. Other leagues or state universities publish such surveys irregularly, as in New York, Texas, and Washington.

Information on salaries paid by private employers in certain cities is found in the surveys of the National Office Management Association (12 East Chelton, Philadelphia 44) or one of its local chapters, and the Monthly Labor Review, published by the Bureau of Labor Statistics, United States Department of Commerce. For example, the Bureau of Labor Statistics surveyed the salaries

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paid late in 1947 and early in 1948 to 23 office occupations in 11 selected cities (Salaries of Office Workers in Selected Large Cities, Bulletin No. 943, Government Printing Office, Washington 25, D.C., 20 cents). More recent surveys were made in eight cities by the Bureau of Labor Statistics: Philadelphia, Los Angeles, in Monthly Labor Review, January, 1949; Atlanta, New Orleans, and Richmond in Monthly Labor Review, July, 1949; Boston, Hartford, and New York City in Monthly Labor Review, August, 1949.

Salaries and wages for six professional groups were published in 1948 and 1949. The National Education Association published "Salaries and Salary Schedules of City-School Employees, 1948-49" in its Research Bulletin, Bulletin XXVII, No. 2, 1949, 50 cents, Washington, D. C. Salaries in the recreation field were published in Recreation, May, 1948 (Vol. 42 No. 42) by the National Recreation Association, 315 Fourth Avenue, New York. The American Hospital Association, 18 East Division, Chicago 10, published its "Salary Survey, 1948" (71pp., 50 cents). Local hospital associations in the larger cities compile salary data on hospital employees. Salaries in the public health field are reported frequently in the American Journal of Public Health (American Public Health Association, 1790 Broadway, New York 19) and the Federal Security Agency in its "Salaries of Local Public Health Workers, April, 1949" reported the salaries of local health workers on a state-wide basis. The salaries of Michigan social workers as of November, 1948, were surveyed in the Monthly Labor Review, April, 1949. The Special Libraries Association (31 East 10th Street, New York 3) published an article "Salaries in Special Libraries" by Walter Hausdorfer in its journal Special Libraries, April, 1948.

Several surveys have been made of wages and salaries paid local utility employees. The Bureau of Labor Statistics published "Electric and Gas Utilities: Wage Structures in 1948" in the Monthly Labor Review for October, 1948, covering 130 privately operated electric utilities and 126 privately operated gas utilities. The wage data are presented by regions. The Bureau of Labor Statistics also published a report "Union Wage Scales of Local Transit Operating Employees, October 1, 1948, and October 1, 1947, by City and Classification," 18 pp. Wage rates for union jobs and crafts included in copies of employees-union contracts may be found in the offices of local building trades councils or union headquarters. The Bureau of Labor Statistics irregularly publishes union wages and hours for different types of occupations. Two Canadian surveys include "Wage Rates for Certain Classes of Civic Employees (Canada) 1948" and "Wages, Hours, and Working Conditions for Urban Municipal Employees, October, 1947", both in the Labor Gazette published by the Department of Labor, Ottawa (Labor Gazette for May, 1949, and December, 1948).

The Questionnaire Method. A suggested questionnaire (see pages 355 and 356 of this report) is designed to obtain information on the work week, the number of employees paid at each rate, the salaries and hourly rates paid (including cost-of-living bonuses), vacations, sick leaves, and other remuneration. A city will also need to know what maintenance allowances are paid to certain jobs, production bonuses, retirement benefits, rest periods, and the work schedule.

The questionnaire should be as simple and brief as possible. It should be clear, easy to understand, and easy to fill out. Instructions should accompany the questionnaire, first in the covering letter explaining the nature and the purpose of the survey to other officials and businessmen, and second on the first page of the form itself. Sometimes a wage survey can be limited to a few

basic jobs, such as junior clerk, stenographer, common laborer, truck driver, librarians, and the like. Nevertheless a city with a great many employees in a multitude of different positions must of course resort to a much longer questionnaire, particularly if no published salary and wage information is available.

Clear and precise job descriptions are the heart of the questionnaire. Job titles alone may mislead the respondents, for they are quite likely to use the same titles for different types of work. The city with a position classification plan can use the job descriptions in that plan if they represent actual responsibilities and duties of the positions covered. In a small city that does not have a position classification plan, job descriptions can be drawn up on the basis of personal knowledge of what the employees are doing. Thus the job descriptions and the accompanying instructions are the chief tools that insure some degree of comparability in the salary data reported.

The questionnaire should be mailed to a carefully selected list of officials of private companies and governmental units (except see below "Pay Rate Data From Ordinances"). First attention should be given to firms that have jobs similar to those in the city employment and to the larger establishments, for example private utilities, manufacturing plants, wholesalers, retailers, insurance and banking firms, and institutions. The mailing list should be selective, perhaps not more than 10 or 20 firms at the most need be contacted in the smaller cities.

The covering letter accompanying the questionnaire should explain its purpose and try to convince the recipient that he ought to fill out the form. A completed copy of the report should be offered to each respondent. The covering letter and the form itself should state that insofar as possible individual salaries reported by business concerns will be kept confidential and that all data will be published in summary form. The city official signing the letter should give his telephone number and be willing to answer questions and assist in filling out the form.

Pay Rate Data From Ordinances and Pay Plans. Public officials may find that the easiest way to answer the pay questionnaire is to send copies of their pay plans, salary ordinances, or budget schedules. These records give job titles and descriptions, the pay ranges for each job, and sometimes the number of employees paid at each rate. Such data can be used later in the survey to weigh the value of one position in terms of others in the city's organization. On the basis of their experience and personal knowledge city officials will be able to interpret the pay and job plans of other cities and decide on the salaries to be used in the tabulation. In any event, the questionnaire or request for pay plans should be mailed only to public units -- federal, state and local - that are in the same labor market as the city making the survey. But the labor market may be nationwide, regional or statewide, or only local depending on the type of position.

Editing the Data. Each questionnaire, pay plan, salary ordinance, and budget schedule should be edited to catch errors and to be sure that the salaries apply to jobs of like duties and responsibilities. It may be necessary to send another inquiry to obtain correct information. If there are

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variations in the work-week hours, the salaries must be adjusted for these differences to place them all on a comparable basis. Extreme salaries, part-time salaries, or any data that seem peculiar should be eliminated before the tabulation process begins.

Compiling the Salary Data. The salary data collected via the questionnaire, pay plans, salary ordinances, and budget schedules must be tabulated so that an analysis can be made to determine what salaries the city should pay. Public and private salaries should be tabulated and presented separately. Several methods of tabulation can be utilized but the procedure described is suggested for its ease of calculation and completeness of presentation.

The table presented below illustrates the suggested method of compiling the salary data from both public and private employers. Medians and quartiles are shown in preference to such other statistical measures as arithmetic means, weighted arithmetic means, and the mode. The median is easily understood, relatively easy to calculate, and is not affected by extremely high or very low salaries. The median is simply the middle item of a series of numbers arranged according to size. By way of illustration 50 per cent of the salaries will be less than the median and 50 per cent will be above the median salary. (See page 10 of the 1949 Municipal Year Book for an explanation of averages and quartiles.)

| City Job Titles | City Salary Ranges | Private Salaries | | | | Public Salaries | | | Recommendations |
|-----------------|--------------------|------------------|------------------|----------|------------------|-------------------------------------|-------------------|-----|-----------------|
| | | No. of Jobs | First Quar- tile | Med- ian | Third Quar- tile | No. of Entrance Public Salary Units | Median Top Salary | | |
| Junior Clerk | 100-125 | 25 | 110 | 118 | 122 | 10 | 105 | 120 | |
| Typist | 110-135 | 15 | 105 | 115 | 130 | 8 | 105 | 125 | |
| Book- keeper | 140-175 | 9 | 130 | 150 | 185 | 7 | 135 | 180 | |

Several preliminary steps must be taken to process the data before this table can be drawn up. The salaries reported by private employers must be arranged so that medians and quartiles may be calculated. One simple method is to tally on separate worksheets for each position the salaries reported for each job by every employer. The salaries and their tallies must be put in order by size of salary. The tallies indicate the frequency with which a salary was reported and provide the data for the derivation of the medians and quartiles. It is important that every salary be counted. The same process of arranging the data must be carried out for every position to obtain the medians and quartiles as well as the number of jobs for the table.

A similar method can be used to derive the median salaries reported by the public employers. In the table only the median entrance and the median top salaries are shown for each position, quartiles being omitted here. On a separate worksheet for each job, the entrance and top salaries reported by each public employer should be tallied. Then the entrance and top salaries for each job

should be separately ranked. From these data the median entrance and the median top salaries can be derived for each position. The number of cities reporting salaries for each job as well as the medians are recorded in the table.

In the case of the private salaries, the value of the median as an indicator of a wage for a certain job may be checked from the salaries given for the first and third quartiles as well as the number of cases reporting. Space is provided at the extreme right of the table to record the salaries recommended for the city positions.

Analyzing the Pay Data. The pay rate tabulation presented at the end of the previous section should be analyzed to determine tentative salary ranges and hourly rates for each position. This is easiest to do for the jobs for which medians and quartiles are calculated for both private and public salaries. Tentative salary ranges for these jobs are reached by evaluating the data spread out on a worksheet. These tentative minimum and maximum salaries help determine the pay rates for the jobs not included in the survey. Furthermore, rates for promotional or supervisory jobs must be related to the subordinate jobs in a particular department. The position and pay plans as well as the salary ordinances of other cities provide data for determining the worth of one job in relation to another, even though their salaries may not be at all comparable to conditions locally.

The tentative rates calculated for each position should be compared with the city's existing pay scale with notes made of all important differences. Some questions to be answered are: Is there any pattern in these differences? Is the city usually high or low? The data may need to be rechecked to make sure that the salaries cover comparable types of work. An analysis should be made of such nonsalary benefits as vacation and retirement allowances that might explain the differences. City jobs whose salaries are substantially below prevailing rates should be checked for the employee turnover.

A number of factors might enter into the determination of specific salary ranges. Among such factors are wage levels in the community, cost of living, and the financial condition of the city. Weight should also be given to retirement benefits, vacations, and sick leaves. It is necessary to take into account such matters as required qualifications, promotional opportunities, the supply of applicants, occupational hazards, maintenance allowances, special working conditions and the value of the experience offered. It should be made clear that there is no such thing as "the prevailing rate", for salaries and wages are usually changing, rarely remaining still for any length of time. Furthermore some consideration should be given to the year-round employment offered in certain jobs whose wage rates in private industry are based on the assumption that the employee works only part of the year. The minimum rates of the tentative salary plan should be high enough to attract desirable candidates while the maximum rates should be high enough to provide an incentive but without paying a salary in excess of the job's worth to the city organization.

The tentative pay scale should be reviewed by a committee of city officials (personnel officer, finance director, budget officer, and one or two heads of departments with large number of employees) to prepare recommendations for the city manager and the city council. Their review consists

largely of exercising their judgment as to the care with which the job was done, the reasonableness of the tentative pay rates, and the ability of the city to pay the bill. This is the point where the entire survey has its first checkup, before any information is given to the city council, employees, unions, or the general public.

The proposed pay plan should explain how each employee will be affected - raising those below the new rates; retaining the salaries of those paid more, but with the stipulation that no further pay increases are to be given to such individuals until their salaries jibe with the new scale; and that all future employees shall be hired at the new rates. The net cost to the city of a new schedule should be calculated with the old and new pay rates listed for each position. Once the committee has decided upon its recommendations, the steps that are taken depend on the committee's authority. Preliminary discussions might be held with the union representatives or with groups of city employees. Generally a proposed plan would be given to the city council for consideration, to start the proceedings that eventually lead to the ordinance setting up the new salary schedule.

Please return this questionnaire in the addressed, postage-free envelope provided.

CITY OF _____

SALARY QUESTIONNAIRE

INSTRUCTIONS: Please answer Items 1 through 5 below. As used here, "Salary Employees" refers to employees paid on a monthly or weekly basis while "Wage Employees" refers to employees paid at an hourly or daily rate. Read the job descriptions and enter the present rates and number of employees in your organization whose work is like that described. Please indicate your basic work week (for which no overtime is paid). In reporting maintenance or other payment in kind (which is in addition to cash salary), please describe the nature and show the average value per month of: (1) any food or lodging provided; (2) uniforms furnished; and (3) transportation furnished employee from residence to place of work.

1. What is the regular number of work days allowed for vacation *with pay* during each year? Salary employees.....
Wage employees..... Comments:

2. How many official holidays *with pay* are allowed per year to your employees? Salary employees.....
Wage employees..... Comments:

3. What is the regular number of work days allowed for sick leave *with pay* during each year? Salary employees.....
Wage employees..... Comments:

4. Is overtime work for your employees paid at straight time....., time and one-half....., double time.....?
Comments:

5. Do you have a pension plan other than Social Security involving employer contributions? Yes.....; No.....
Does it apply to all employees? What is the rate of employer contributions? Explain.....

| KIND OF WORK | Hours in Basic Work Week | Present Cash Pay Rates and Number of Employees Doing This Kind of Work at Each Rate | | | | | Maintenance or Other Payment in Kind | Leave Blank |
|--|--|---|------|------|-------|--|--|-------------|
| <i>Example</i> MESSENGER: Runs errands, wraps packages, may do the simplest clerical work under close supervision. | No. Hours 40 Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input checked="" type="checkbox"/> Month | Basic Rates ■■■ | \$75 | \$80 | \$100 | | <i>Uniforms Furnished and Cleaned \$4.00 per Month</i> | |
| JUNIOR CLERK: Does routine clerical work of a beginning grade although variety of duties increases with experience. Does filing, makes simple arithmetical computations, posts data, and keeps standard office records. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | No. of Employees ■■■ | 3 | 2 | 1 | | | |

| KIND OF WORK | Hours in Basic Work Week | Present Cash Pay Rates and Number of Employees Doing This Kind of Work at Each Rate | | | | | | Maintenance or Other Payment in Kind | Leave Blank |
|--|---|---|--|--|--|--|--|--------------------------------------|-------------|
| SENIOR CLERK: Performs responsible clerical duties involving frequent exercise of independent judgment and may supervise a small group of subordinates performing clerical tasks. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| BOOKKEEPING MACHINE OPERATOR: Operates a standard typewriting or non-typewriting bookkeeping machine. Posts previous financial data to detail and control accounts, ledgers, and journals, and verifies such postings by machine totals. May also operate a billing machine. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| JUNIOR TYPIST: Types letters, statements, reports, and other material from copy, rough draft, or dictaphone and does routine clerical work such as filing and proofreading. Requires little experience. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| SENIOR TYPIST: Does clerical and typing work which involves complex and varied work methods and problems. May exercise supervision over a small group of employees performing routine typing or clerical functions. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| JUNIOR CIVIL ENGINEER: Beginning level professional work as chief of party, or resident engineer on grading, small bridge, and simple pavement jobs; construction inspector on large structures; designs standard structures. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| AUTOMOTIVE MECHANIC: Does skilled mechanical repair and maintenance of automobiles, light trucks, and similar equipment. Grinds valves, rebores cylinders, relines brakes, repairs transmissions and differentials, times motors, replaces parts, etc. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |
| LABORER: Performs ordinary unskilled manual labor, such as excavating gravel or dirt, digging ditches, or moving lumber. | No. Hours..... Basic Rates Are Per <input type="checkbox"/> Hour <input type="checkbox"/> Week <input type="checkbox"/> Day <input type="checkbox"/> Month | Basic Rates No. of Employees | | | | | | | |